REMARKS/ARGUMENTS

Claims 1, 3, 5-37, 39-41, 43-52, 54-56, 58-63, 65 and 67-92 remain in the application. Claim 66 is has been canceled without prejudice. Claims 1, 3, 5-37, 39-41, 43-52, 54-56, 58-63 and 65-92 were rejected in the Office Action mailed July 17, 2008 (hereinafter referred to as "Office Action").

Applicant hereby requests a one month extension to respond to the Office Action. A credit card authorization is being submitted herewith to pay the required fees. It is believed that no other fees are due at this time. In view of the following remarks and amendments, applicant respectfully request a timely Notice of Allowance be issued in this case.

Claim Objections

Claim 1 was objected to because the word "is" appears to be missing. Applicant respectfully submits that the foregoing amendment overcomes this objection. Reconsideration and removal of the objection are respectfully requested.

Response to Arguments

The Office Action indicated that Kelsey teaches "The transducer 36 of FIG. 1, FIG. 4a, and FIG. 4b, contains a magnetic coil 40 surrounding a ferrite core 38 within the laminate card, and is located over the magnetic stripe 32. The transducer when activated can focus a magnetic field over a portion of magnetic stripe 32, thus activating the card to be read by existing card reading systems. . . the sales clerk draws the transaction card through an existing card reading system and is provided with cardholder name, and account numbers along with transaction access code 4134 and corresponding transaction approval code P5." Moreover, the Office Action indicated that this process inherently involves time.

First, applicant respectfully submits that Kelsey's card only generates a spatially varying magnetic signal. Even when the card is swiped, the card still only generates a spatially-varying magnetic signal. The magnetic stripe reader reads each portion of the static magnetic signal as the card is swiped, but that does not change the signal generated by the card to a time-varying signal. The signal generated by the card is fixed. As a result, applicant respectfully submits Kelsey does not disclose, teach or suggest "a control circuit disposed within the substrate that is connected to the one or more induction coils and ***generates a time-varying magnetic signal*** via the one or more induction coils and the magnetic stripe" when activated "and ***without swiping the magnetic stripe through a magnetic stripe reader***.

> Second, Kelsey's card must be swiped through an existing card reader:
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> "After transaction card 12 is activated by the cardholder and the symbol 44 is recognizable on liquid crystal display 34, the sales clerk passes the activated transaction card 12 through an existing card reading system." (col. 5, lines 51-54);
>
> "The transducer when activated can focus a magnetic field over a portion of magnetic stripe 32, thus activating the card to be read by existing card reading systems." (col. 6, lines 44-47); and
>
> "The clerk will then either draw the card through a magnetic stripe reader or call in the card number to the card issuer. . . So, for transaction #1 listed above, the sales clerk draws the transaction card through an existing card reading system and is provided with cardholder name, and account numbers along with transaction access code 4134 and corresponding transaction approval code P5." (col. 7, line 54-col. 8, line 9).

(emphasis added). As a result, applicant respectfully submits Kelsey does not disclose, teach or suggest "a control circuit disposed within the substrate that is connected to the one or more induction coils and ***generates a time-varying magnetic signal*** via the one or more induction coils and the magnetic stripe" when activated "and ***without swiping the magnetic stripe through a magnetic stripe reader***.

Claim Rejections under 35 U.S.C. § 103(a)

Claims 1, 3, 5, 9, 11, 14-41, 43-44, 46-52, 54-56, 58-63, 65-67, 71, 73, 76-86 and 88-92 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen. In addition, claims 23 and 85 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen and further in view of U.S. Publication No. 20020194476 to Lewis. Claims 24 and 86 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen and further in view of U.S. Patent No. 6,434,403 to Ausems. Claims 25 and 87 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen and further in view of U.S. Publication No. 20030046228 to Berney. In addition, claims 6 and 68 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen and further in view of U.S. Patent No. 5,168,275 to Harrson. Moreover, claims 7 and 69 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen and further in view of U.S. Patent No. 6,169,929 to Izzo. Furthermore, claims 12-13 and 74-75 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No.

5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen and further in view of U.S. Patent No. 5,040,223 to Kamiya. Claims 17, 19-20, 44, 61, 79 and 82 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen and further in view of U.S. Patent No. 7,046,746 to Keaney, and also further in view of the "Smart Cards" article by Kisner. Finally, claims 8, 10, 24, 70, 72 and 82 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,907,142 to Kelsey in view of U.S. Patent No. 6,547,130 to Shen and further in view of U.S. Patent No. 5,943,624 to Fox and U.S. Patent No. 6,507,130 to Thuringer.

Applicant respectfully submits that claims 1, 3, 5-37, 39-41, 43-52, 54-56, 58-63, 65 and 67-92, as amended, are patentable over the cited references for at least the reasons described below.

Claims 1, 31, 46 and 60

In order to establish a prima facie case of obviousness, the prior art or combined references must teach or suggest all the claim limitations. MPEP § 2143; *In re Vacek*, 947 F.2d 488 (Fed. Cir. 1991). With respect to claims 1, 31, 46 and 60, as amended, applicant respectfully submits that Kelsey and Shen, either alone or in combination, do not disclose, teach or suggest "a control circuit disposed within the substrate that is connected to the one or more induction coils and ***generates a time-varying magnetic signal*** via the one or more induction coils and the magnetic stripe" when activated "and ***without swiping the magnetic stripe through a magnetic stripe reader***."

U.S. Patent Application Publication 20010011684 to Krause discloses that "the spatial pattern on magnetic stripes is well know to be useful for encoding said stripes with digital information relating to the function of the cards containing such stripes" ([0031], lines 2-5). The "spatial arrangement of the conductor contains important information" ([0029], lines 3-4). As shown in Figure 6, "[a] single wire 64 is formed into a pattern of right angles forming a particular spatial pattern" ([0031, lines 10-11) such as the character "1001" ([0031], lines 27-29). Krause, therefore, discloses the use of transducers to provide "spatially varying magnetic fields . . . to 'write' data to a magnetic stripe" ([0032], lines 2-5). Except for the strength of the magnetic field used, this is how data is permanently recorded on the magnetic stripe of normal credit cards ([0028], lines 5-8). In other words, the magnetic stripe of normal credit cards provides a spatially varying magnetic field. Krause fails to disclose, teach or suggest the generation of a time-varying magnetic signal as recited in claims 1, 31, 46 and 60.

U.S. Patent No. 5,907,142 to Kelsey discloses a "[m]agnetic stripe 32 as commonly used in credit and debit cards [that] stores information which can be read by point-of-sale card readers, automatic tellers and the like" (col. 5, lines 24-27). One embodiment discloses "an internal transducer positioned over the magnetic stripe which is capable of altering or activating the magnetic stripe" (col. 3, line 66-col. 4, line 2). The transducer 36 focuses a magnetic field over a portion of the magnetic stripe so that the card can be read (col. 6, lines 44-47 and 60-62). The activated portion of the magnetic stripe "contains the relevant account information" (col. 6, lines 60-62). As a result, Kelsey's magnetic stripe provides a spatially varying magnetic field. Additional remarks regarding Kelsey's spatially varying magnetic field and requirement that the card be swiped through an existing magnetic stripe reader were provided in the previous section.

U.S. Patent No. 6,547,130 to Shen discloses the use of a fingerprint sensor 12 to activate a card reader interface 13 (col. 1, lines 38-41; col. 2, line 61-col. 3, line 4). The card reader interface is not defined or described.

As a result, the cited references only disclose the use of spatially varying magnetic fields. The cited references, therefore, do not disclose, teach or suggest "a control circuit disposed within the substrate that is connected to the one or more induction coils and ***generates a time-varying magnetic signal*** via the one or more induction coils and the magnetic stripe" when activated "and ***without swiping the magnetic stripe through a magnetic stripe reader***" as recited in claims 1, 31, 46 and 60.

Moreover, applicant respectfully submits that it would not be obvious to modify the cited references to generate a time-varying magnetic signal without swiping the magnetic stripe through a magnetic stripe reader because such a modification "would change the principle of operation of the prior art invention being modified" (MPEP § 2143.01 (VI)). As a result, "the teachings of the references are not sufficient to render the claims prima facie obvious" (MPEP § 2143.01 (VI)).

For all the foregoing reasons, applicant respectfully submits that claims 1, 31, 46 and 60 are, therefore, allowable under 35 U.S.C. § 103(a). Accordingly, applicant respectfully requests that the rejection of claims 1, 31, 46 and 60 be withdrawn.

Claims 3, 5-30, 32-37, 39-41, 43-45, 47-52, 54-56, 58-59, 61-63 and 65-92

Once an independent claim is found to be non-obvious under 35 U.S.C. § 103, then any claim which depends from that independent claim is also non-obvious. MPEP § 2143.03; *In re Fine*, 837 F.2d 1071 (Fed. Cir. 1988). Applicant respectfully submits that claims 3, 5-30, 32-37, 39-41, 43-45, 47-52, 54-56, 58-59, 61-63, 65 and 67-92 depend from claims 1, 31, 46 and 60, as amended, which are allowable for the reasons stated above, and further distinguish over the cited references. Claims 3, 5-30, 32-37, 39-41, 43-45, 47-52, 54-56, 58-59, 61-63, 65 and 67-92 are, therefore, allowable under 35 U.S.C. § 103(a). Accordingly, applicant respectfully requests that the rejection of claims 3, 5-30, 32-37, 39-41, 43-45, 47-52, 54-56, 58-59, 61-63, 65 and 67-92 be withdrawn.

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Conclusion

For the reasons set forth above, applicant respectfully requests reconsideration by the examiner and withdrawal of the rejections. Applicant submits that claims 1, 3, 5-37, 39-41, 43-52, 54-56, 58-63, 65 and 67-92, as amended, are fully patentable. Applicant respectfully requests that a timely Notice of Allowance be issued in this case. If the examiner has any questions or comments, or if further clarification is required, it is requested that the examiner contact the undersigned at the telephone number listed below.

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Respectfully submitted,

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